



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mark Brewer, Esq.
Goodman Acker, P.C.
17000 West Ten Mile Road, Second Floor
Southfield, MI 60025

JUL 12 2016

RE: MUR 6978 and MUR 7054
Oakland County Democratic Party and
Phillip Reid in his official capacity as
treasurer

Dear Mr. Brewer:

On July 7, 2016, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in these matters in settlement of violations of 52 U.S.C. §§ 30102(c), 30102(h), and 30104(b), provisions of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. § 106.7(d)(1). Accordingly, the files in MUR 6978 and MUR 7054 have been closed.

Documents related to the cases will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the first payment on the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Delbert K. Rigsby

Delbert K. Rigsby
Attorney

Enclosure
Conciliation Agreement

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COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

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In the matter of)

Oakland County Democratic Party and)
Phillip W. Reid in his official capacity)
as treasurer)

MUR 6978 and MUR 7054

OFFICE OF GENERAL
COUNSEL

CONCILIATION AGREEMENT

These matters were initiated pursuant to information ascertained by the Federal Election Commission (the "Commission") in the normal course of carrying out its supervisory responsibilities. In MUR 6978, based on a Commission audit of the Oakland County Democratic Party for the time period of 2011-2012, the Commission found reason to believe that the Oakland County Democratic Party and Phillip W. Reid in his official capacity as treasurer ("Respondents" or "Committee") violated 52 U.S.C. §§ 30102(c), 30102(h)(1) and 30104(b), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"), and 11 C.F.R. § 106.7(d)(1). In MUR 7054, the Commission found reason to believe that the Respondents violated 52 U.S.C. § 30104(b).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of these proceedings, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in these matters.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The Committee is a local party committee of the Democratic Party. Phillip W. Reid is the Committee's treasurer.

V. The pertinent facts in MUR 6978 are as follows:

1. The Act requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 52 U.S.C. § 30104(b). These reports must include, *inter alia*, the total amount of receipts and disbursements, including the appropriate itemizations, where required. 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3. As set forth in the Final Audit Report, the Commission found that the Committee understated receipts by \$90,487, understated disbursements by \$60,715, and understated cash on hand by \$33,279 in 2012.

2. Commission regulations provide that salaries, wages, and fringe benefits "[paid] to State, district, or local party committee employees who spend 25 percent or less of their compensated time in a given month on Federal election activity or on activity in connection with a Federal election" may be allocated as administrative costs; *i.e.*, may be paid with a combination of funds from the committee's federal and non-federal accounts. 11 C.F.R. §§ 106.7(c)(1), (d)(1)(i), and (d)(2). Commission regulations also provide that when allocating salary, wage and fringe benefit payments, political party committees are required to "keep a monthly log of the percentage of time each employee spends in connection with a federal election." 11 C.F.R. § 106.7(d)(1). As set forth in the Final Audit Report, the Commission found that the Committee failed to maintain monthly payroll logs for \$107,555 in 2011 and 2012 that the Committee disclosed as having been paid with an allocation of federal and non-federal funds.

3. Political committees must keep records of all contributions received by or on behalf of the committee, the name and address of any person who makes a contribution in excess of \$50, together with the date and amount of the contribution, and the occupation and name of

employer of any individual whose contributions aggregate more than \$200 during a calendar year, together with the date and amount of any such contributions. 52 U.S.C. § 30102(c). For contributions in excess of \$50, committees must maintain a photocopy or digital image of the check or written instrument. 11 C.F.R. § 102.9(a)(4). As set forth in the Final Audit Report, the Commission found that the Committee failed to maintain the appropriate documentation on individuals who contributed over \$50 at a gaming event, where the amount of contributions totaled \$1,820,466.

4. Political committees must report receipts and disbursements in accordance with 52 U.S.C. § 30104(b). These requirements include identifying each person, other than a political committee, who makes a contribution to the committee during the reporting period, whose contribution or contributions have an aggregate amount in excess of \$200 within a calendar year, with the date and amount of such contribution. 52 U.S.C. § 30104(b)(3)(A); 11 C.F.R. § 104.3(a)(4). As set forth in the Final Audit Report, the Commission found that the Committee did not properly report receipts by failing to identify and report those contributors whose aggregate contributions exceeded \$200 in a calendar year in connection with gaming events, where the amount of contributions totaled \$1,820,466.

5. Each political committee shall designate one or more state banks, federally chartered depository institutions, or depository institutions in which the accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, as its campaign depository. 52 U.S.C. § 30102(h)(1). Each political committee shall maintain at least one checking or transaction account at one of its depositories, and all receipts received by the committee shall be deposited in such accounts. *Id.* All deposits shall be made within ten days of the treasurer's receipt. 11 C.F.R. § 103.3(a). A committee shall make all disbursements by

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check or similar draft drawn on an account at its designated campaign depository, except for expenditures of \$100 or less made from a petty cash fund. *Id.* A political committee may maintain a petty cash fund from which it may make expenditures not in excess of \$100 to any person per purchase or transaction. 52 U.S.C. § 30102(h)(2). As set forth in the Final Audit Report, the Commission found that the Committee failed to use a campaign depository for gaming receipts totaling \$1,370,304 by depositing only \$450,162 of \$1,820,466 in gaming receipts into its campaign depository, and paying the remaining \$1,370,304 directly to prize winners and game workers.

VI. The pertinent facts in MUR 7054 are as follows:

1. The Act requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 52 U.S.C. § 30104(b). These reports must include, *inter alia*, the total amount of receipts and disbursements, including the appropriate itemizations, where required. 52 U.S.C. § 30104(b); 11 C.F.R. § 104.3.

2. On February 19, 2015, the Committee filed its original 2015 February Monthly Report disclosing \$84,387.57 in disbursements consisting of other federal operating expenditures (on line 21(b) of the Detailed Summary Page). On July 16, 2015, the Committee filed an amended 2015 February Monthly Report disclosing \$180,866.72 in disbursements consisting of other federal operating expenditures that were not disclosed in the original filing.

3. On March 19, 2015, the Committee filed its original 2015 March Monthly Report disclosing \$52,671.01 in disbursements. On July 16, 2015, the Committee filed an amended 2015 March Monthly Report disclosing \$355,689.84 in disbursements that were not disclosed in the original filing.

4. On April 20, 2015, the Committee filed its original 2015 April Monthly Report disclosing disbursements of \$18,340.78. On July 16, 2015, the Committee filed an amendment disclosing \$225,355.59 in disbursements that were not disclosed in the original filing.

VII. 1. Respondents violated 52 U.S.C. § 30104(b) by misstating its receipts, disbursements and cash on hand in 2012.

2. Respondents violated 11 C.F.R. § 106.7(d)(1) by failing to maintain monthly payroll logs in 2011 and 2012.

3. Respondents violated 52 U.S.C. § 30102(c) and 52 U.S.C. § 30104(b) by failing to maintain records of receipts, and failing to properly report receipts in 2011 and 2012.

4. Respondents violated 52 U.S.C. § 30102(h)(1) by failing to use a campaign depository for all of its cash transactions in 2011 and 2012.

5. Respondents violated 52 U.S.C. § 30104(b) by failing to disclose a total of \$761,912.15 in disbursements on its original 2015 February Monthly, 2015 March Monthly, and 2015 April Monthly Reports.

VIII. 1. Respondents will pay a civil penalty to the Commission in the amount of Fifty-Eight Thousand Dollars (\$58,000), pursuant to 52 U.S.C. § 30109(a)(5)(A). The civil penalty will be paid as follows:

A. A payment of Thirty Thousand dollars (\$30,000) is due no more than thirty (30) days from the date this Agreement becomes effective.

B. A payment of Eighteen Thousand dollars (\$18,000) is due no more than sixty (60) days from the date this Agreement becomes effective.

C. A payment of Ten Thousand dollars (\$10,000) is due no more than ninety (90) days from the date this Agreement becomes effective.

D. In the event that any payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondents. Failure by the Commission to accelerate the payments with regard to any overdue payment shall not be construed as a waiver of its right to do so with regard to further overdue payments.

2. Respondents will cease and desist from committing violations of 52 U.S.C. §§ 30102(c), 30102(h)(1) and 30104(b), and 11 C.F.R. § 106.7(d)(1).

IX. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

XI. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement, and to so notify the Commission, except as otherwise expressly specified in Paragraph VIII.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

oral, made by either party or by agents of either party, that is not contained within this written agreement shall be enforceable.

FOR THE COMMISSION:

BY: Kathleen Guith
Kathleen Guith
Acting Associate General Counsel
for Enforcement

7-11-16
Date

FOR THE RESPONDENTS:

Philip W. Neil
(Name)
(Position) TREASURER

6/28/16
Date

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